

EXAMINATION REPORT
OF
DENTEGRA INSURANCE COMPANY
AS OF
DECEMBER 31, 2019

Office of the
Commissioner



Delaware
Department of Insurance

REPORT ON EXAMINATION
OF
DENTEGRA INSURANCE COMPANY
AS OF
DECEMBER 31, 2019

The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

A handwritten signature in blue ink that reads "Trinidad Navarro".

Trinidad Navarro
Insurance Commissioner

Dated this 28 day of June, 2021

TABLE OF CONTENTS

SCOPE OF EXAMINATION..... 1

SUMMARY OF SIGNIFICANT FINDINGS 3

COMPANY HISTORY 4

 DIVIDENDS..... 4

 CAPITAL CONTRIBUTION 4

 SURPLUS NOTES..... 4

MANAGEMENT AND CONTROL 5

 DIRECTORS 5

 BOARD COMMITTEES 6

 OFFICERS 7

 CORPORATE RECORDS 7

 INSURANCE HOLDING COMPANY SYSTEM 7

 AGREEMENTS WITH AFFILIATES 10

TERRITORY AND PLAN OF OPERATION 12

 PLAN OF OPERATION..... 12

REINSURANCE..... 13

 ASSUMED REINSURANCE 13

 CEDED REINSURANCE 13

FINANCIAL STATEMENTS 14

 STATEMENT OF ASSETS..... 15

 STATEMENT OF LIABILITIES, CAPITAL AND SURPLUS 16

 STATEMENT OF REVENUE AND EXPENSES 17

 RECONCILIATION OF CAPITAL AND SURPLUS 18

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE
EXAMINATION 18

COMMENTS ON FINANCIAL STATEMENT ITEMS..... 18

COMPLIANCE WITH PRIOR REPORT OF EXAMINATION 19

SUBSEQUENT EVENTS 19

SUMMARY OF RECOMMENDATIONS 20

May 27, 2021

Honorable Trinidad Navarro
Commissioner of Insurance
Delaware Department of Insurance
1351 West North Street, Suite 101
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Exam Authority No. 20.023, dated March 26, 2020, an examination has been made of the affairs, financial condition and management of

DENTEGRA INSURANCE COMPANY

hereinafter referred to as the Company or DIC. The Company was incorporated under the laws of the State of Delaware as a stock company with its registered office located at 1807 North Market Street, Wilmington, Delaware. Due to the COVID-19 Pandemic, the examination was conducted offsite. The administrative office of the Company is located at One Delta Drive, Mechanicsburg, Pennsylvania. The report of examination thereon is respectfully submitted.

SCOPE OF EXAMINATION

We have performed our multi-state examination of DIC. The last examination was conducted as of December 31, 2015 by the Delaware Department of Insurance (Department). This examination covered the period of January 1, 2016 through December 31, 2019. Our examination was performed as part of the multi-state coordinated examination of the Dentegra Group of

regulated entities wherein Delaware is the lead state. The examination was conducted concurrently with that of the Company's following affiliated companies (Group):

Delta Dental Sub-group

<u>NAIC No.</u>	<u>Name</u>	<u>Domicile</u>
81396	Delta Dental Insurance Co (DDIC)	DE
11132	Delta Dental of Delaware Inc. (DDD)	DE
73474	Dentegra Insurance Co (DIC)	DE
55263	Delta Dental of New York (DDNY)	NY
54798	Delta Dental of Pennsylvania (DDP)	PA
12329	Delta Dental of West Virginia (DDWV)	WV
12210	Dentegra Insurance Co of New England (DICNE)	MA

Alpha Sub-Group

95366	Alpha Dental of Arizona Inc. (ADAZ)	AZ
47092	Alpha Dental of New Mexico Inc. (ADNM)	NM
11174	Alpha Dental of Utah Inc. (ADUT)	UT
95163	Alpha Dental Programs Inc. (ADP)	TX

To the fullest extent, the efforts, resources, project material and findings were coordinated and made available to all examination participants.

We conducted our examination in accordance with the *National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook* (Handbook) and generally accepted statutory insurance examination standards consistent with the Insurance Code and Regulations of the State of Delaware. The NAIC Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and

prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, pursuant to the General Corporation Laws of the State of Delaware as required by 18 *Del. C.* §321, along with general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to other regulators and/or the Company.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm, Armanino LLP (Armanino). Certain auditor work papers of the 2019 Armanino audit of the Company have been incorporated into the work papers of the examiners and have been utilized in determining the scope, areas of emphasis in conducting the examination and in the area of risk mitigation and substantive testing.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or material changes in financial statements as a result of this examination.

COMPANY HISTORY

The Company was originally organized and incorporated under the name of Concho Life Insurance Company as a limited stock life and disability insurer under the laws of the State of Arizona on July 27, 1966 and changed its name to Western Security Life Insurance Company (WSLIC) on March 9, 1978. On March 29, 2002, Delta Dental Plan of California (DDC) purchased all the outstanding shares of common stock of WSLIC and concurrently sold 20% of the stock to affiliate DDP. WSLIC was renamed Provantis Insurance Company (PIC) and effective September 30, 2002, re-domesticated from Arizona to Delaware. Effective April 1, 2004, the name of the Company was changed from PIC to DIC.

Dividends

The Company's Board of Directors (Board) did not approve or authorize any dividends during the exam period.

Capital Contribution

During 2012, the Company received \$1,000,000 in capital contributions. DDC contributed \$800,000, with the remaining \$200,000 contributed by DDP. Since total capital contributions in 2012 did not exceed the lesser of three percent (3%) of the Company's admitted assets or 25% of surplus as regards policyholders, the contributions did not require prior approval of the Department pursuant to 18 *Del. C.* §5005 Standards and management of an insurer within an insurance holding company system.

Surplus Notes

As of December 31, 2019, the Company had six surplus notes issued, totaling \$60,000,000 that were approved by the Department, as reflected below.

<u>Note Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 10,000,000	3%	11/1/2022
10,000,000	3%	12/31/2023
10,000,000	3%	9/1/2024
10,000,000	1%	5/1/2025
10,000,000	1%	12/1/2026
10,000,000	1%	12/31/2027
<u>\$ 60,000,000</u>		

MANAGEMENT AND CONTROL

Directors

Pursuant to the General Corporation Laws of the State of Delaware, as implemented by the Company's Amended and Restated Articles of Incorporation and Restated Bylaws, all corporate powers are exercised by or under the direction of the Board. The Certificate of Incorporation was amended on August 22, 2018 along with the bylaws, as amended and restated August 10, 2018, providing for the Company's business and affairs to be under the control of its Board. The Board shall consist of not less than five (5) and no more than fifteen (15) directors. Each director shall hold office until the next annual meeting of the shareholders or until his successor shall have been elected and qualified.

Directors duly elected and serving as of December 31, 2019, were as follows:

<u>Name</u>	<u>Principle Occupation</u>
Michael James Castro	CEO Delta Dental of California, Chair
Sarah Mays Chavarria	CPO Delta Dental of California
Kristen Elizabeth Garen	CIO Delta Dental of California
Michael Griffin Hankinson	General Counsel Delta Dental of California
Kevin Lee Jackson	Chief Growth Officer Delta Dental of California
Alica Frias Weber	CFO Delta Dental of California

Board Committees

The Company's bylaws state that the Board may, by resolution, passed by a majority of the whole Board, designate an executive committee consisting of three (3) or more directors of the Company. The Executive Committee shall have and may exercise the powers of the Board in the management of the business and affairs of the Company. As of December 31, 2019 the members of that Executive Committee were:

Executive Committee

Michael James Castro, Chair
Michael Griffin Hankinson
Alicia Frias Weber

In accordance with the provisions of the Management and Service Agreement between the Company and DDC, to provide the audit-related oversight duties as are required by federal and Delaware State law, the Company utilizes the Audit Committee as designated by the DDC Board. As of December 31, 2019 the members of the Audit Committee were:

Audit Committee

Glen F. Bergert, Chair
Roy A. Gonella
Steven F. McCann
Terry A. O'Toole
Andrew J. Reid
Heidi Yodowitz

Also, under the terms of the above agreement, the Company utilizes the DDC Finance Committee to perform financial oversight and governance duties on its behalf. As of December 31, 2019 the members of the Finance Committee were:

Finance Committee

Terry A. O'Toole, Chair
Glen F. Bergert
Roy A. Gonella
Steven F. McCann
Andrew J. Reid
Heidi Yodowitz

Officers

Officers were elected in accordance with the bylaws during the period under examination. The bylaws require election consist of a Chair of the Board, a Secretary and a Treasurer, all of whom shall be elected at the annual meeting of the Directors and shall hold office for a period of one year and until their successors are elected and qualified. The Board may appoint other officers. The primary officers serving as of December 31, 2019 were as follows:

<u>Name</u>	<u>Title</u>
Michael James Castro	Chair & President
Alica Frias Weber	Treasurer
Michael Griffin Hankinson	Secretary

Corporate Records

The recorded minutes of the shareholder and Board were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events including approval of investment transactions in accordance with 18 *Del. C.* §1304. In addition, review of Company files indicated that written correspondence was submitted to the Department with regards to the changes in officers and directors during the period under examination in compliance with 18 *Del. C.* §4919.

Insurance Holding Company System

The Company is a member of an insurance holding company system known as Dentegra as defined under 18 *Del. C.* §5001 of the Delaware Insurance Code. DDC operates as the ultimate controlling entity. Dentegra is bifurcated into two parent companies, DDC and DDP. DDC and DDP, operating as non-profit companies, combine their resources in an effort to eliminate duplication in the areas of market development and technology, to share best practices, develop economies of scale, increase competitiveness on a national scale and to bring new services to its subscribers, clients and partner dentists.

Certain companies within the holding company system are members of the Delta Dental Plans Association (DDPA). DDPA is a nationwide association of independently-operated dental health service plans which have a key feature of offering subscribers access to the national provider networks under the Delta USA program and access to the local provider networks maintained by Dentegra.

The following organizational chart reflects the identities and interrelationships between the entities within the holding company group:

Agreements with Affiliates

As of December 31, 2019, the Company was party to following affiliated agreements, which were disclosed in the annual Form B filings with the Department:

AARP Dental Insurance Plan Administrative Services Agreement

Effective May 1, 2004, the Company entered into an arrangement with DDIC, whereby DDIC acts as a third-party administrator on behalf of the Company in regard to two group dental insurance contracts issued by the Company to the AARP Dental Insurance Trust (AARP Trust). This arrangement was subsequently reflected in an Administrative Services Agreement.

Management and Service Agreement

Effective January 1, 2005, the Company entered into a Management and Service Agreement with DDC, whereby DDC provides the Company with all management services required for the cost-effective and efficient operation of the Company. Effective January 1, 2013, this agreement was amended to include DDIC as a signatory to the agreement in order to indicate acceptance by DDIC of any delegation of duties by DDC. Effective March 1, 2016, Registrant entered into Amendment No. 2 to add language required by 45 CFR 156.340, governing federally facilitated marketplace health plan issuers.

DeltaCare USA Administrative Service Agreement

Effective January 1, 2007, the Company entered into a DeltaCare USA Administrative Service Agreement with DDIC, whereby DDIC provides administrative service for DeltaCare USA programs underwritten by the Company. Effective April 1, 2016, the Company entered into Amendment No. 1 to clarify certain functions of the agreement and the calculation of compensation.

Federal Tax Sharing Agreement

Effective November 1, 2010, the Company entered into a Federal Tax Sharing Agreement with its immediate parent DDC Insurance Holdings, Inc. (DDCIH) and DDCIH's majority-owned or controlled subsidiaries. In accordance with the terms of the agreement, DDCIH prepares and files all tax returns on behalf of the Group. The purpose of the Federal Tax Sharing Agreement is to provide the methodology and procedures for allocating the Group's consolidated Federal tax liability (or benefit) to and amongst the Group.

Private Review Agency Agreement

Effective August 1, 2011, the Company entered into a Private Review Agent Agreement with DDP, whereby DDP provides utilization review and claims review services for the Company in the state of Maryland.

Amended Intercompany Services Agreement

Effective January 1, 2012, DDC, DDP, and DDIC entered into an Intercompany Services Agreement, whereby each Company desires to cooperate in the performance of certain administrative and special services. Effective January 1, 2013, this agreement was amended to include both the Company and DICNE as parties to the Intercompany Services Agreement.

Administrative Agreement

Effective January 1, 2014, the Company entered into an Administrative Agreement with DDIC, whereby DDIC provides administrative services on behalf of the Company in respect to the Federal Employees Dental and Vision Insurance Program (FEDVIP) and the Veteran Affairs Dental Insurance Program (VADIP) Plans.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2019, the Company was licensed to transact business in 49 states and the District of Columbia. The Company is authorized as a stock insurer to transact the business of life, including annuities, credit life, health and credit health insurance as defined in 18 *Del. C.* §902 "Life insurance" and 18 *Del. C.* §903 "Health insurance", with the principal office facilities of the Company located in Mechanicsburg, Pennsylvania.

Plan of Operation

The Company is not affiliated with the DDPA, however, the DDPA has granted the Company the exclusive rights to market and underwrite national and multi-state Delta Dental programs, such as the Dental Health Maintenance Organization program under the DeltaCare USA brand. The Company also underwrites business with the United States Office of Personnel Management (OPM) for enrollees in the FEDVIP and the VADIP. Finally, the Company is party to dental contracts with the AARP program.

On December 31, 2019, approximately 13% of the Company's direct written premiums were produced in two jurisdictions. The table below reflects the geographical breakdown of the Company's direct written premiums in 2019.

<u>Jurisdiction</u>	<u>Direct Written Premium</u>	<u>Percentage</u>
Federal programs	\$ 386,930,076	64%
California	45,865,646	8%
District of Columbia	30,728,173	5%
Washington	22,559,658	4%
New Jersey	14,128,464	2%
Virginia	10,713,535	2%
Other jurisdictions	94,412,735	16%
Total	<u>\$ 605,338,287</u>	<u>100.0%</u>

REINSURANCE

The Company reported the following distribution of premiums written for the years ended December 31, 2019, and the prior examination date of December 31, 2015:

	<u>2019</u>	<u>2015</u>
Direct	\$ 605,338,287	\$ 207,448,539
Reinsurance assumed (from affiliates)	<u>8,445</u>	<u>6,198</u>
Total direct and assumed	\$ 605,346,732	\$ 207,454,737
Reinsurance ceded (to affiliates)	432,171,235	102,178,613
Reinsurance ceded (to non-affiliates)	<u>50,736,361</u>	<u>42,533,459</u>
Net premiums written	<u>\$ 122,439,136</u>	<u>\$ 62,742,665</u>

Assumed Reinsurance

In 2019, the Company reported assumed premium of \$8,445 from affiliate DDIC under the following reinsurance agreement:

Effective January 1, 2003, the Company entered into a reinsurance agreement with affiliate DDIC, whereby the Company assumes fifty percent (50%) of two (2) group dental contracts in the state of Florida.

Ceded Reinsurance

For the year ended December 31, 2019, the Company's ceded business consisted of the following quota share reinsurance agreements:

Affiliated

Effective January 1, 2014, the Company entered into a reinsurance agreement with affiliate DDC, under which DDC reinsures one hundred percent (100%) of the dental contract risks the Company entered into with OPM for enrollees in the FEDVIP and the VADIP.

Effective April 1, 2006, the Company entered into a reinsurance agreement with affiliate DDC, under which DDC reinsures fifty-six percent (56%) of the dental contract risks the Company

entered into with the AARP Trust regarding certain DeltaPreferred Option Dental Insurance Contracts.

Non-Affiliated

Effective May 1, 2002, as amended July 1, 2005, the Company entered into a reinsurance agreement with Hannover Life Reassurance Company of America (Hannover Life), under which Hannover Life reinsures thirty-three percent (33%) of the dental contract risks the Company entered into with AARP. In 2019, the Company reported ceded premium of \$38,937,207 under this agreement.

Effective January 1, 2006, the Company entered into a reinsurance agreement with Renaissance Life and Health Insurance Company of America (Renaissance Life), under which Renaissance Life reinsures ten percent (10%) of the dental contract risks the Company entered into with AARP. In 2019, the Company reported ceded premium of \$11,799,154 under this agreement.

FINANCIAL STATEMENTS

The following financial statements, as reported and filed by the Company with the Department, are reflected in the following:

- Statement of Assets as of December 31, 2019
- Statement of Liabilities, Capital and Surplus as of December 31, 2019
- Statement of Revenue and Expenses for the year ended December 31, 2019
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2015 to December 31, 2019

Statement of Assets
As of December 31, 2019

	<u>Assets</u>	<u>Non admitted Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$ 15,171,283	\$ -	\$ 15,171,283
Common stocks	9,312,831		9,312,831
Cash	10,738,874		10,738,874
Cash equivalents	2,605,319		2,605,319
Other invested assets	5,000		5,000
Subtotals, cash and invested assets	<u>\$ 37,833,307</u>	<u>\$ -</u>	<u>\$ 37,833,307</u>
Investment income due and accrued	111,558		111,558
Uncollected premiums and agents' balances in the course of collection	5,036,699	776,565	4,260,134
Amounts recoverable from reinsurers	37,499,584		37,499,584
Other amounts receivable under reinsurance companies	27,449,058	355,426	27,093,632
Current federal and foreign income tax recoverable and interest thereon	716,493		716,493
Net deferred tax asset	255,001	255,001	-
Guaranty funds receivable or on deposit	510,664		510,664
Receivable from parent, subsidiaries and affiliates	7,291,454		7,291,454
Aggregate write-ins for other than invested assets and affiliates	238,873	238,873	
Totals	<u><u>\$ 116,942,691</u></u>	<u><u>\$ 1,625,865</u></u>	<u><u>\$115,316,826</u></u>

Statement of Liabilities, Capital and Surplus
As of December 31, 2019

	Covered	Uncovered	Total	Notes
Claims unpaid (less \$31,321,260 reinsurance ceded)	\$ 1,261,240	\$ -	\$ 1,261,240	1
Unpaid claims adjustment expenses	479,000		479,000	1
Aggregate health policy reserves	30,577		30,577	
Premiums received in advance	1,275,127		1,275,127	
General expenses due or accrued	5,167,167		5,167,167	
Net deferred tax liability	26,255		26,255	
Ceded reinsurance premium payable	50,862,086		50,862,086	
Remittances and items not allocated	5,751		5,751	
Amounts due to parent, subsidiaries, and affiliates	9,249,325		9,249,325	
Reinsurance in unauthorized and certified (\$8,337,670) companies	8,337,670		8,337,670	
Aggregate write-ins for other liabilities	380,682		380,682	
Total liabilities	\$ 77,074,880	\$ -	\$ 77,074,880	
Aggregate write-ins for special surplus funds			\$ 9,204,265	
Common capital stock			2,600,000	
Gross paid in and contributed surplus			30,027,180	
Surplus notes			60,000,000	
Unassigned funds (surplus)			(63,589,499)	
Surplus as regards policyholders			\$ 38,241,946	
Totals			\$ 115,316,826	

**Statement of Revenue and Expenses
For the Year Ended December 31, 2019**

	<u>Total</u>
Member months	16,775,576
Net premium income	\$ 122,439,136
Change in unearned premium reserves for rate credits	(252,680)
Total revenues	<u>\$ 122,186,456</u>
Hospital and medical:	
Hospital/medical benefits	491,887,755
Aggregate write-ins for other hospital and medical	<u>2,311</u>
Subtotal	\$ 491,890,066
Less:	
Net reinsurance recoveries	<u>476,455,076</u>
Total hospital and medical	\$ 15,434,990
Claims adjustment expenses, including \$9,350,954 cost containment expenses	39,595,241
General administrative expenses	<u>71,794,055</u>
Total underwriting deductions	<u>\$ 126,824,286</u>
Net underwriting (loss)	(4,637,830)
Net investment income earned	562,315
Net realized capital gains (losses) less capital gains tax (0)	<u>-</u>
Net investment gains (losses)	<u>\$ 562,315</u>
Net gain or (loss) from agents or premiums balances charged off	(151,390)
Aggregate write-ins for other income or expenses	<u>904,515</u>
Net income or loss after capital gains tax and before all other federal income taxes	\$ (3,322,391)
Federal and foreign income taxes incurred	<u>(941,211)</u>
Net income	<u>\$ (2,381,180)</u>
Capital and Surplus Account	
Capital and surplus prior reporting period	<u>\$ 46,978,106</u>
Net Income	(2,381,180)
Change in unrealized capital gains (losses)	3,241,541
Change in non admitted assets	(1,258,852)
Change in unauthorized and certified reinsurance	<u>(8,337,670)</u>
Net change in capital and surplus	<u>\$ (8,736,161)</u>
Capital and surplus end of reporting period	<u>\$ 38,241,946</u>

Reconciliation of Capital and Surplus
For the Period from the Prior Examination
As of December 31, 2015 to December 31, 2019

	Common Stock	Surplus Notes	Special Surplus Funds	Gross Paid In Capital	Unassigned Surplus
Opening Balance					
1/1/2016	\$ 2,600,000	\$40,000,000	\$ 3,440,952	\$ 30,027,180	\$ (34,709,772)
2016 (1)					(7,886,538)
2016 (2)			(3,440,952)		3,440,952
2016 (3)		10,000,000			
2017 (1)					(3,635,396)
2017 (2)			3,957,148		(3,957,148)
2017 (3)		10,000,000			
2018 (1)					(2,858,320)
2018 (2)			(3,957,148)		3,957,148
2019 (1)					(8,736,161)
2019 (2)			9,204,265		(9,204,265)
Ending Balance	<u>\$ 2,600,000</u>	<u>\$60,000,000</u>	<u>\$ 9,204,265</u>	<u>\$ 30,027,180</u>	<u>\$ (63,589,499)</u>

- (1) Change in non admitted assets – net income, Change in unrealized gain(loss), Change in net deferred tax and Change in unauthorized reinsurance.
(2) Change in special surplus, Affordable Care Act.
(3) Surplus note increase with Department approval/

**ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM
THE EXAMINATION**

There were no changes made to the Financial Statements as a result of this Examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

Note 1:

Claims unpaid	\$ 1,261,240
Unpaid claims adjustment expenses	\$ 479,000

The examination liabilities for the aforementioned items of \$1,261,240 and \$479,000 are the same as reported by the Company as of December 31, 2019. The examination analysis of Claims unpaid and unpaid claims adjustment expense reserves were conducted in accordance with Generally Accepted Actuarial Principles and Statutory Accounting Principles, including NAIC

Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principles No. 55 (SSAP No. 55).

COMPLIANCE WITH PRIOR REPORT OF EXAMINATION

There were no recommendations in the prior report of examination.

SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, and national, state and local governments have implemented a range of policies and actions to combat it. The extent of the impact of COVID-19 on world economies and the Company will depend on future developments, which are highly uncertain and difficult to predict, including the severity and duration of the pandemic and the actions taken by government authorities and other third parties to contain or address its impact. Various government officials, including U.S. state insurance commissioners, have taken actions to protect consumers from hardship caused by COVID-19 that, in the aggregate, may adversely impact the Company's results of operations in the near term. While it is likely that certain lines of business may experience increased loss activity due to COVID-19, there are also segments in which the Company operates that may benefit from improved loss experience due to reduced exposures. Company management will continue to monitor developments, and their impacts on the Company including its operations, capital position (including the risk-based capital ratio), the fair value of investments and estimates reported in the financial statements and accompanying notes.

At the date of this report, the extent and severity of the COVID-19 pandemic is not yet fully clarified by the Company. The Company does not expect a material adverse effect on any specific lines of business or products and the Company was fully operational and providing services to its members.

The Department has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position and continues to closely monitor any impact on the Company and will take necessary action if a solvency concern arises.

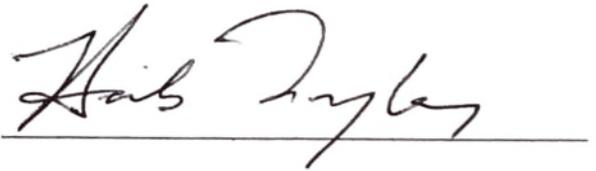
There were no other material subsequent events noted.

SUMMARY OF RECOMMENDATIONS

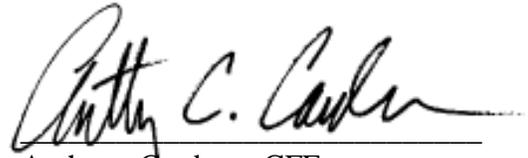
No examination report recommendations were noted as a result of this examination.

The assistance and cooperation of examiners representing the states on the coordinated examination is acknowledged. In addition, the assistance of the consulting actuarial firm, INS Consultants, Inc., the consulting information systems specialist firm, INS Services, Inc., the Company's outside audit firm, Armanino, and the Company's management and staff is appreciated and acknowledged.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Habib Taylor", written over a horizontal line.

Examiner In-Charge
State of Delaware

A handwritten signature in cursive script, appearing to read "Anthony C. Cardone", written over a horizontal line.

Anthony Cardone, CFE
Supervising Examiner
State of Delaware

Dentegra Insurance Company

I, Hails Taylor, CFE, hereby verify and attest, under penalty of perjury, that the above is a true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to examination authority 20.023.

A handwritten signature in cursive script, appearing to read "Hails Taylor".

Hails Taylor, CFE